

A PRESCRIPTION DRUG BENEFIT CALLED MEDICARE PART D

Since January 1, 2006, **Medicare prescription drug plans have been available to people with Medicare.** Insurance companies work with Medicare to offer these drug plans.

Medicare prescription drug plans provide insurance coverage for prescription drugs. All drug plans will provide at least a standard level of coverage, which Medicare has set, but could offer more coverage and additional drugs for a higher monthly premium. When a person joins a drug plan, it is important to choose one that meets the person's prescription drug needs.

Every person with Medicare picks a plan.

- Options:
 - Keep original Part A and Part B, pick a **Part D Prescription Drug Plan**.
 - Pick a **Medicare Advantage Plan** that manages Part A, Part B, and Part D.
- Enrollment in a plan begins November 15, 2005, and drug benefits begin January 1, 2006.
- Every person will have a choice of two or more plans. *Enrollment in a drug plan is voluntary.*
- Plans must cover at least two drugs in each therapeutic class or category.
- Insurance plans will begin marketing October 1, 2005.

A person who has both Medicare and Medicaid:

- **Will get all prescription drugs from his or her Part D drug plan—no longer from Medicaid—.**
- Automatically gets the Low Income Subsidy.
- Will be assigned to a Part D Prescription Drug Plan or a Medicare Advantage Plan but can change to another plan any time.
- Will have no monthly premium if enrolled basic Part D plan that has a premium under the regional LIS benchmark.
- Will pay no deductible, or coinsurance; copayments for prescription drugs will be under \$6.
- Will have no copayments if he or she resides in an institution.

A person who has a Medicare Savings Program (Qualified Medicare Beneficiary or QMB, Special Low Income Medicare Beneficiary or SLMB, and Qualified Individual or QI):

- Automatically gets the Low Income Subsidy
- Will be assigned to a Part D Prescription Drug Plan or a Medicare Advantage Plan and can change to another plan any time.
- Has no deductible or coinsurance; copayments for prescription drugs will be under \$6.

The Medicare Savings Program may provide assistance to pay for Medicare Part A and Part B. More information on the Medicare Savings Program is available from the Office of Public Assistance in any county.

Resources:

- **State Health Insurance Assistance Program (SHIP) 1-800-551-3191 (local assistance)**
- 1-800-MEDICARE (1-800-633-4227) or www.Medicare.gov

Low Income Subsidy

For help paying for a drug plan and prescriptions, a person with Medicare can apply for the Low Income Subsidy if income is below \$14,355 and assets are limited. *(A person who does not have Medicaid or a Medicare Savings Program will need to apply for the Low Income Subsidy.)*

- The Low Income Subsidy pays part or all of the prescription drug insurance monthly premium.
- Low Income Subsidy applications will be mailed by the Social Security Administration in Summer 2005 to people with incomes less than \$14,355 for an individual and \$19,245 for a couple.
- Applications can also be made online after July 1, 2005 at www.ssa.gov.
- If a person has income below \$12,919.50 for an individual (and assets below \$6,000) and \$17,320.50 for a couple (and assets below \$9,000):
 - No premium, no deductible, no coinsurance; copayments are \$2 or \$5 per drug
 - No copayments after individual spends \$3,600 out-of-pocket on his or her drugs
- If a person has income between \$12,919.50 and \$14,355 for an individual (and assets below \$10,000) and between \$17,320.50 and \$19,245 for a couple (and assets below \$20,000):
 - Sliding scale premium, \$50 deductible, 15% coinsurance up to \$5,100 in total drug spending (= \$3,600 out-of-pocket drug spending)
 - Copayments are \$2 or \$5 per drug after person spends \$3,600 out-of-pocket



A person with income above \$14,355 (\$19,245 for couple) and not eligible for Medicaid, a Medicare Savings Program, or the Low Income Subsidy, may purchase prescription drug coverage from an insurance plan. He or she can change plans once a year, between November 15 and December 31.

A person who has prescription drug coverage now:

- If current coverage is the same or better than a Medicare Prescription Drug Plan:
 - Can keep current drug plan. Joining a Medicare Prescription Drug Plan later won't result in a higher premium.
 - Can drop current drug plan and join a Medicare Prescription Drug Plan.
- If current coverage is less than a Medicare Prescription Drug Plan:
 - Can keep current drug plan and also join a Medicare Prescription Drug Plan to have more complete prescription drug coverage.
 - Can keep current drug plan. But joining a Medicare Prescription Drug Plan later will result in a higher monthly premium.
 - Can drop current drug plan and join a Medicare Prescription Drug Plan

A person who does not have prescription drug coverage now:

- Will choose a Medicare Prescription Drug Plan or Medicare Advantage Plan during the initial enrollment period, November 15, 2005 through May 15, 2006.
- Joining a plan later will result in a higher monthly premium.

A person with income above \$14,355 (\$19,245 for couple) will pay:

- A monthly premium of about \$37 in 2006.
- The first \$250 in drug costs (deductible).
- 25 percent of total drug costs between \$250 and \$2,250.
- All drug costs between \$2,250 and \$5,100 in total drug costs (the "donut hole").
- After \$5,100 in total drug costs, copayments of either \$2 for generics and \$5 for brand drugs, or coinsurance of five percent of total drug spending (whichever is greatest).